GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:322
ANSWERED ON:01.03.2002
VALUE OF RUPEE
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Will the Minister of FINANCE be pleased to state:

(a) whether the exchange value of Indian rupee has gone down against the major foreign currencies during the current financial year 2001-2002;

(b) if so, the value of Indian rupee as on March 31,2001 and in the last week of February, 2002;

(c) the steps being taken by the Government to save the Indian rupee from devaluation in the international market;

(d) the year-wise purchasing power of the Indian rupee as on date taking the year 1971 as the base year;

(e) the criterion laid down for international evaluation of the Indian rupee;

(f) whether the purchasing power of rupee in India is also the basis for this purpose; and

(g) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) : The rupee has depreciated against the US dollar, the Euro and the Pound Sterling by 4.2 per cent, 1.7 per cent and 1.0 per cent respectively, while it has appreciated against the Japanese Yen by 8.9 per cent during April-February 2001-02, over the corresponding period of 2000-01. The exchange rates of the rupee against the four major world currencies as on March 30, 2001 and February 27, 2002 are given below:

Date	Rs./ US dollar	Rs./Yen+	Rs./Euro	Rs./Pound Stg.
March 30, 2001	46.64	37.43	41.01	66.58
February 27,2002	48.74	36.26	42.14	69.04

+ Rupees per 100 Yens.

(c): The exchange rate of the rupee is largely market determined. The primary objective of the Reserve Bank in regard to the management of the exchange rate continues to be the maintenance of orderly conditions in the foreign exchange market, meeting temporary supply-demand gaps, which may arise due to uncertainities or other reasons, and curbing destabilising and self-fulfilling speculative activities. To this end, the Reserve Bank monitors closely the developments in the financial markets at home and abroad and take such monetary and other measures as it considers necessary from time to time.

(d): The purchasing power of Indian rupee measured on the basis of Consumer Price Index for Industrial Workers with base 1971 for the years 1971 through 2001 is given in the table at Annex.

(e), (f) & (g): The exchange rate of the rupee is determined by the demand and supply conditions in the foreign exchange market and short-term factors. The exchange rate is also influenced to some extent by the strength of the US dollar in the international currency markets. Under this system, the exchange rate of the rupee against the major foreign currencies moves in both directions on a day to day basis.

ANNEXURE

Consumer Price Index and Value of Rupee with base 1971

Year	CPI-IW		Value of Rupee in paise
1971	100		100
1972	107		93.46
1973	125		80.00
1974	161		62.11
1975	170		58.82
1976	157		63.69
1977	170		58.82
1978	174		57.47
1979	185		54.05
1980	206		48.54
1981	233	42.92	
1982	251		39.84
1983	282		35.46
1984	305		32.79
1985	322		31.06
1986	350		28.57
1987	380		26.32
1988	416		24.04
1989	446		22.42
1990	486		20.58
1991	553		18.08
1992	619		16.16
1993	658		15.20
1994	722		13.85
1995	792		12.63
1996	871		11.48
1997	933		10.72
1998	1057		9.46
1999	1106		9.04
2000	1150		8.70
2001	1194		8.38

- Conversion Factor of 4.93 is used to convert the series based on 1982=100 to the series based on 1960=100.

- Conversion Factor of 1.89 is used to convert the series based on 1960=100 to the series based on 1971=100.